

ALBANY PARKING AUTHORITY
(An Enterprise Fund of the City of Albany, New York)

FINANCIAL REPORT

December 31, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Albany Parking Authority
Albany, New York

We have audited the balance sheets of the Albany Parking Authority (a New York State public benefit corporation and an Enterprise Fund of the City of Albany, New York) as of December 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Albany Parking Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements as listed in the Contents of this report present fairly, in all material respects, the financial position of the Albany Parking Authority as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2009, on our consideration of the Albany Parking Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Management's Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Bollam Sheedy Torani & Co. LLP

Albany, New York
March 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Albany Parking Authority, hereafter referred to as the "Authority," is pleased to present its Financial Report for the year ended December 31, 2008, developed in compliance with Statement of Governmental Accounting Standard No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments* (hereafter "GASB 34"), and related standards. We encourage readers to consider the information on pages 2 to 8 in conjunction with the Authority's financial statements and supplemental information (presented on pages 9 to 23) to enhance their understanding of the Authority's financial performance.

RESPONSIBILITY AND CONTROLS

The Authority has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on the recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Authority's system of internal accounting controls is evaluated on an ongoing basis by the Authority's internal financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Authority's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America.

AUDIT ASSURANCE

The unqualified (i.e., clean) opinion of our independent external auditors, Bollam, Sheedy, Torani & Co. LLP, CPAS, is included on page 1 of this report.

This section presents management's discussion and analysis of the Authority's financial condition and activities for the year ended December 31, 2008. This information should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The year 2008 marked a good year for the Authority despite the state of the national economy. The Authority continued to see consistent performance of both the on-street parking meter system and the off-street garages, in addition to newly added surface lots. Management believes the Authority's financial position remains very strong. Following are some of the key highlights of 2008:

- Total parking revenue was down 1.8 percent from 2007, primarily due to discontinuation of a one-time revenue opportunity from US G.S.A. resulting from their garage renovation project. (\$91,520 difference)
- Year three of a five-year garage restoration project was completed and funded primarily out of operating revenues. (All except \$109,000 out of \$927,000)
- A savings of \$16,000 resulted from lighting upgrades in the garages.

- CashKey sales continued to increase, and approximately 6.7% of meter revenue was via this platform rather than cash.
- Opened 11 new surface lots generating \$73,000 annually from serving daily customers.
- Net assets continued to improve, from (\$1,179,970) in 2007 to (\$707,123) in 2008. The negative net assets resulted from the high cost of acquiring two garages from developers in the 1980s.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority's use of accounting methods which are similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The balance sheet includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its parking garage and meter fees.

The final required financial statement is its statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities, and the change in cash during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

SUMMARY OF ORGANIZATION AND BUSINESS

The Authority was established in 1983 as a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York by the Albany Parking Authority Act (the enabling act). The Act authorizes the Authority to construct, operate, and maintain locations in the City for the parking or storing of motor vehicles, and in order to discharge its responsibilities, it is authorized to issue and sell tax exempt bonds. Pursuant to the Act, the aggregate outstanding principal amount of bonds issued by the Authority may not exceed fifty million dollars at any one time. Such bonds must generally be self-supporting from user fees, and the Authority ordinarily receives no Federal, State, or City subsidies.

The Authority Board of Directors is composed of a chairman and four other members appointed by the Mayor of the City with the advice and consent of the City Common Council. The members serve until reappointed or replaced at the pleasure of the Mayor. The Authority has a budgeted staff of 24 persons, and the accompanying Organizational Chart illustrates the division of those positions.

Centralized on-line revenue control system equipment installed in all garages includes fee computers, proximity card readers, automatic ticket dispensers, and gated barriers. Parkers who do not purchase monthly-rate access cards are required to take a ticket upon entry and pay a cashier when exiting. Cash handling activity of garage staff is constantly monitored at the Authority main office via dedicated circuits to a central computer. Monthly parking access cards are activated only by central office staff before distribution to customers by garage managers. All cards must be paid in advance by the first of each month to be valid. The anti-pass-back card system prevents unauthorized use.

The Authority operates the parking meter system for the City of Albany under a management agreement with the City. The agreement permits the Authority to install and operate parking meters in consultation with the Chief of Police. The revenues generated by the parking meters are the property of the Authority, and the expenses of operating the meters are payable by the Authority. Fines and penalties from parking violations remain the property of the City rather than the Authority. Enforcement of parking meters and other on-street parking violations is carried out by the Albany Police Department. Under the Parking Meter Agreement, the Authority contributes toward the cost of salary, fringe benefits, and other related expenses of the public service officers and traffic aides who provide enforcement under Police Department supervision.

Electronic parking meters operate with a sealed coin collection system. Coins inserted by parkers are never seen or touched by Authority staff. Pre-locked collection containers go directly to the Authority's bank for counting. A hand-held auditing device used by Authority personnel during every collection provides a money estimate for the Authority in advance for comparison with the amount deposited. Historically, the average difference between the advance audit and the collected amount in Albany meters has been less than one percent, and this compares favorably to industry standards.

During October 2006, rental permit #14338 for use of New York State owned property resulted in the addition of 170 surface lot parking spaces on Central Avenue under the APA jurisdiction. There is a \$1 annual fee for this permit. These lots generated \$58,000 during 2008.

During January 2007, rental permit #14357 for use of New York State owned property resulted in the addition of 198 surface lot parking spaces in the Quackenbush parking lot under the APA jurisdiction. There is a \$1 annual fee for this permit. This lot generated \$62,000 during 2008.

E-Business applications were incorporated on the ParkAlbany.com website during 2005 to allow for the purchase and reloading payments of Cashkeys, in 2006 for the purchase and payments of garage monthly permits, and in 2008 added the purchase of Central Avenue lot permits. These applications have been very successful.

General Authority Information

Selected Data (parking revenue only)

Parking Facilities	Average Monthly Revenue		Difference	% Change
	<u>2008</u>	<u>2007</u>		
Columbia Street	\$ 104,672	\$ 105,489	\$ (817)	-.77%
Green-Hudson	\$ 125,559	\$ 135,736	\$ (10,177)	-7.50%
Quackenbush	\$ 79,134	\$ 81,934	\$ (2,800)	-3.40%
Q Lot & C Lots	\$ 10,054	\$ 3,932	\$ 6,122	155.70%
Parking Meters	\$ 174,651	\$ 176,011	\$ (1,360)	-.77%

FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information provide key financial data and indicators for management, monitoring, and planning.

Condensed Balance Sheets

	<u>2008</u>	<u>2007</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 1,410,003	\$ 1,923,179	\$ (513,176)	-26.7%
Property and equipment, net	17,998,735	18,569,036	(570,301)	-3.1%
Other assets	<u>7,265,904</u>	<u>6,932,084</u>	<u>333,820</u>	4.8%
Total assets	<u>\$ 26,674,642</u>	<u>\$ 27,424,299</u>	<u>\$ (749,657)</u>	-2.7%
Current liabilities	\$ 2,110,322	\$ 2,163,546	\$ (53,224)	-2.5%
Long-term liabilities	<u>25,271,443</u>	<u>26,440,723</u>	<u>(1,169,280)</u>	-4.4%
Total liabilities	<u>27,381,765</u>	<u>28,604,269</u>	<u>(1,222,504)</u>	-4.3%
Net assets, capital	(6,523,275)	(7,114,023)	590,748	-8.3%
Net assets, restricted	5,796,040	5,349,864	446,176	8.3%
Net assets, unrestricted	<u>20,112</u>	<u>584,189</u>	<u>(564,077)</u>	-96.6%
Total net assets	<u>(707,123)</u>	<u>(1,179,970)</u>	<u>472,847</u>	40.1%
Total liabilities and net assets	<u>\$ 26,674,642</u>	<u>\$ 27,424,299</u>	<u>\$ (749,657)</u>	-2.7%

Condensed Statements of Revenues, Expenses, and Changes in Net Assets

Operating revenue	\$ 5,928,833	\$ 6,037,545	\$ (108,712)	-1.8%
Non-operating revenue	<u>330,677</u>	<u>466,114</u>	<u>(135,437)</u>	-29.1%
Total revenues	<u>6,259,510</u>	<u>6,503,659</u>	<u>(244,149)</u>	-3.8%
Depreciation expense	705,168	681,787	23,381	3.4%
Amortization expense	112,356	314,245	(201,889)	-64.2%
Other operating expenses	3,629,695	3,256,389	373,306	11.5%
Non-operating expense	<u>1,339,444</u>	<u>1,625,827</u>	<u>(286,383)</u>	-17.6%
Total expenses	<u>5,786,663</u>	<u>5,878,248</u>	<u>(91,585)</u>	-1.6%
Change in net assets	472,847	625,411	(152,564)	-24.4%
NET ASSETS, beginning of year	<u>(1,179,970)</u>	<u>(1,805,381)</u>	<u>625,411</u>	34.6%
NET ASSETS, end of year	<u>\$ (707,123)</u>	<u>\$ (1,179,970)</u>	<u>\$ 472,847</u>	40.1%

GENERAL TRENDS AND SIGNIFICANT EVENTS

Paid occupancy of meters on a system wide basis has been stable for several years. Taken together with continued expansion of the CashKey program and when the current economic softness subsides, meter revenue is expected to continue as a growth area unless gasoline prices spike as they did during early 2008.

The absorption rate for commercial space downtown is low given conditions in the real estate market, providing downward pressure for monthly parking in the garages, and when the economy recovers, projects on the horizon are expected to increase demand for garage parking in the Central Business District.

The APA is continuing to investigate partnerships to support economic development that increase parking demand.

FINANCIAL CONDITION

The overall financial position of the Authority was strong at year-end. Parking revenue was flat in 2008, after allowing for the elimination of the one-time US G.S.A. revenue stream. Total costs in 2008, less depreciation, amortization, and interest expense, increased \$373,000 from the prior year. This reflects new investment in facility renovation in excess of \$900,000 for design and construction and minimal inflationary effects.

The Authority paid \$1,165,000 in bond principal during 2008. The 2001 bond issue Series A and B, which advance-refunded older garage issues at savings greater than \$1.3 million and financed construction of the new Quackenbush Garage and the Authority's permanent office at 655 Broadway, resulted in generally level annual payments of principal and interest and are reducing debt at a more rapid pace than the earlier bond issues at lower interest rates. Older bond issues with limited amounts of Capital Appreciation Bonds that could not be retired will be completely paid off in 2017, while the 2001 issues will be retired in 2025.

RESULTS OF OPERATIONS

Revenue

Total revenue for 2008, exclusive of unrealized gain/loss on investments, was \$6,166,795, compared to \$6,373,105 in 2007. Monthly garage revenues decreased \$ 99,671 mainly due to the exodus from the Quackenbush garage of the US G.S.A. parkers that were temporarily relocated to the APA during their garage renovation. Hourly and daily parking revenue increased \$11,813 in garages but decreased \$16,320 at meters.

Expense

Total expense for 2008, exclusive of depreciation, amortization, and interest, was \$3,629,695, compared to \$3,256,392 in 2007. This increase was due primarily to facility improvements.

LONG-TERM OBLIGATIONS

As of December 31, 2008, the Authority had \$24,573,061 outstanding related to three revenue refunding bonds issued during 1992 and 2001, and two new refundings during 2007. No bonds were issued or defeased during 2008.

Cash or equivalents on hand for debt service payments are in excess of \$1.3 million.

More detailed information about the Authority's long-term obligations is presented in the notes to the financial statements on pages 16-18.

FINAL COMMENTS

The Authority periodically is requested by institutional or commercial interests to review options for expansion of the parking system. The Trust Indenture requires such expansion to be financially feasible and to have no material effect on the Authority's ability to make current debt payments. The Authority closely monitors downtown parking inventory and parking demand among other factors in determining feasibility of additional facilities.

Under terms of the Trust Indenture the Authority has agreed to adopt rates which shall be sufficient to produce net revenue for each fiscal year: (i) to pay Authority expenses; (ii) to pay debt service on outstanding parking system obligations; and (iii) to produce a debt service coverage ratio of 1.50 to 1 in each fiscal year.

To prevent neglect of maintenance and deterioration of Authority facilities over time, the 2001 bond issue provided a requirement for a Renewal and Replacement Reserve Fund to be held by the Trustee. The amount required is equal to \$50,000 for each structured parking facility, payable annually into the fund. As of year-end, the fund has in excess of \$1,250,000. Consideration is currently being given to accelerate the transfer of funds to the reserve fund to the extent that all planned facility renovations will be funded through this account line. Furthermore, a minimum balance will be maintained in order to provide a safety net to fund required facility maintenance.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGER

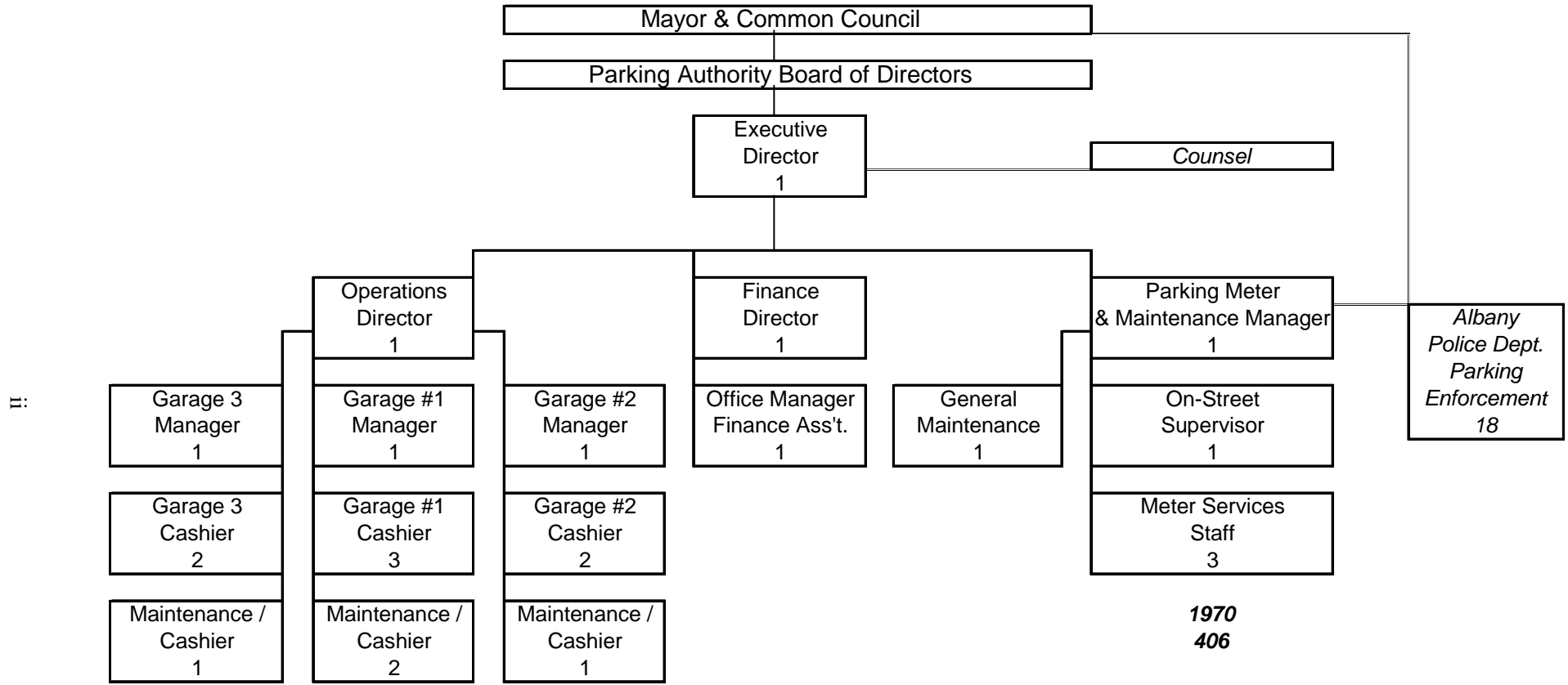
This financial report is intended to provide a general overview of the Authority's financial position and to illustrate the Authority's accountability for the revenue it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, Albany Parking Authority, 655 Broadway, Albany, New York 12207, or on the internet at www.parkalbany.com.

PRINCIPAL OFFICIALS

The Authority's Board of Directors, appointed by the Mayor with consent of the Common Council, is as follows:

<u>Name</u>	<u>Board Office</u>	<u>Term Expiration</u>
Kevin O'Connor	Chair	January 2, 2010
Christine Miles	Secretary	January 2, 2011
William O. Pettit, III	Treasurer	January 2, 2012
Christine Sisto Mertes	Vice Chair	January 2, 2013
Open	Asst. Sec/Treas	January 2, 2009

ALBANY PARKING AUTHORITY ORGANIZATION CHART



Total Employees = 24

870 Spaces

850 Spaces

900 Spaces

Total Spaces = 4906

ALBANY PARKING AUTHORITY

BALANCE SHEETS December 31,

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,305,108	\$ 1,808,920
Parking revenues receivable	24,194	31,420
Other receivables	51,075	51,220
Prepaid expenses	29,626	31,619
Total current assets	<u>1,410,003</u>	<u>1,923,179</u>
PROPERTY AND EQUIPMENT, at cost	27,424,467	27,293,165
Less accumulated depreciation and amortization	9,425,732	8,724,129
	<u>17,998,735</u>	<u>18,569,036</u>
OTHER ASSETS		
Cash and cash equivalents, restricted	2,097,602	1,744,142
Investments, restricted	3,698,438	3,605,722
Intangible assets, net	1,469,864	1,582,220
	<u>7,265,904</u>	<u>6,932,084</u>
TOTAL ASSETS	\$ 26,674,642	\$ 27,424,299
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 317,132	\$ 485,898
Current maturities of long-term debt	1,300,000	1,165,000
Accrued interest	493,190	512,648
Total current liabilities	<u>2,110,322</u>	<u>2,163,546</u>
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	23,273,061	24,573,061
Discount on revenue bonds	(51,051)	(55,002)
Accrued interest, capital appreciation bonds, less current maturities	2,049,433	1,922,664
	<u>25,271,443</u>	<u>26,440,723</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Investment in capital assets, less related debt	(6,523,275)	(7,114,023)
Restricted	5,796,040	5,349,864
Unrestricted	20,112	584,189
	<u>(707,123)</u>	<u>(1,179,970)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 26,674,642	\$ 27,424,299

The accompanying Notes to Financial statements are an integral part of these statements.

ALBANY PARKING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS Years Ended December 31,

	<u>2008</u>	<u>2007</u>
PARKING REVENUES	\$ 5,928,833	\$ 6,037,545
OPERATING EXPENSES		
Salaries and related expenses	1,359,088	1,252,236
Repairs and maintenance	1,022,572	693,779
Utilities	155,580	171,846
Professional fees	106,416	109,155
Depreciation	705,168	681,787
Meter supplies and equipment	30,722	69,648
PSO expense reimbursement	725,000	697,000
Other	230,317	262,725
	<u>4,334,863</u>	<u>3,938,176</u>
Operating income	<u>1,593,970</u>	<u>2,099,369</u>
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	237,962	335,559
Unrealized gain on investments	92,715	130,555
Amortization of bond issue costs	(112,356)	(314,245)
Interest expense	(1,339,444)	(1,625,827)
Total nonoperating expenses, net	<u>(1,121,123)</u>	<u>(1,473,958)</u>
Change in net assets	472,847	625,411
NET ASSETS, <i>beginning of year</i>	<u>(1,179,970)</u>	<u>(1,805,381)</u>
NET ASSETS, <i>end of year</i>	<u>\$ (707,123)</u>	<u>\$ (1,179,970)</u>

The accompanying Notes to Financial statements are an integral part of these statements.

ALBANY PARKING AUTHORITY

STATEMENTS OF CASH FLOWS Years Ended December 31,

	<u>2008</u>	<u>2007</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from customers	\$ 5,936,059	\$ 6,043,646
Cash paid to suppliers and other vendors	(2,437,380)	(1,675,362)
Cash paid for salaries and employee benefits	(1,359,088)	(1,252,236)
	<u>2,139,591</u>	<u>3,116,048</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income	238,107	354,114
Purchase of investments, restricted	(2,655,216)	(16,022,397)
Proceeds from sale of investments, restricted	2,655,216	16,343,367
	<u>238,107</u>	<u>675,084</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of property and equipment	(134,868)	(657,804)
Proceeds from long-term financing	-	10,925,000
Payments of long-term debt	(1,165,000)	(11,085,000)
Interest paid	(1,228,182)	(1,497,299)
Bond issue costs	-	(996,781)
	<u>(2,528,050)</u>	<u>(3,311,884)</u>
Net increase (decrease) in cash and cash equivalents	(150,352)	479,248
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>3,553,062</u>	<u>3,073,814</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 3,402,710</u>	<u>\$ 3,553,062</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH		
Operating income	\$ 1,593,970	\$ 2,099,369
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	705,168	681,787
(Increase) decrease in		
Accounts receivable	7,226	6,101
Prepaid expenses	1,993	(1,618)
Increase (decrease) in		
Accounts payable and accrued expenses	(168,766)	330,409
	<u>\$ 2,139,591</u>	<u>\$ 3,116,048</u>

The accompanying Notes to Financial statements are an integral part of these statements.

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *Organization*

The Albany Parking Authority (Authority) is a public benefit corporation of the State of New York. It is a discretely presented component unit of the City of Albany (City) that was created by New York State legislation under Section 1493 during 1983. The Authority will exist until all of its liabilities have been met, and its bonds have been discharged. All rights and properties shall pass to the City upon the cessation of the Authority's existence. The financial statements present only the Authority and are not intended to present the financial position of the City, and its discretely presented component units and the results of their operations and cash flows in conformity with accounting principles generally accepted in the United States of America as applied to government units.

The Authority owns and operates various parking facilities throughout the City. The Authority's operating budget is subject to the approval of the City Common Council. The Common Council is also required to approve proposed capital improvements to the Authority's facilities.

2. *Accounting Method*

The Authority's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has implemented GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. This standard provides for significant changes in terminology, inclusion of a management discussion and analysis as supplementary information, and other changes.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the balance sheets. Net assets (total assets less total liabilities) are segregated into restricted, unrestricted, and contribution components.

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS December 31, 2008 and 2007

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

3. *Fair Value Measurement*

The Authority adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurement*, effective January 1, 2008. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The adoption of SFAS No. 157 did not have a material impact on the financial statements or results of operations of the Authority. In accordance with Financial Accounting Standards Board Staff Position (FSP) No. 157-2, *Effective Date of FASB Statement No. 157*, the Authority will delay application of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities such as goodwill, other intangibles, real estate owned, and repossessed assets until January 1, 2009. SFAS No. 157 applies to all assets and liabilities that are measured and reported on a fair value basis. See Note I for additional information.

4. *Cash, Cash Equivalents, and Investments*

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of purchase, whether unrestricted or restricted.

Unrestricted and restricted cash equivalents are fully collateralized by either federal depository insurance or securities held by the pledging bank's trust department in the Authority's name.

Cash, cash equivalents, and investments, restricted, consist of amounts held by trustees in reserve funds established in connection with bond issues.

5. *Parking Revenues and Other Receivables*

The Authority determines the allowance for doubtful accounts based on management's evaluation of anticipated collectibility of outstanding accounts and past collection experience. Management considers receivables at December 31, 2008 and 2007, to be fully collectible. Accordingly, there is no allowance for doubtful accounts. If, in the future, management determines that amounts may be uncollectible, an allowance will be established and operations will be charged when that determination is made. The Authority had written off accounts receivable of \$-0- and \$930 during the years ended December 31, 2008 and 2007, respectively.

6. *Property and Equipment*

Property and equipment are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives (3-40 years). When property and equipment are retired or have been fully depreciated, their cost and the related accumulated depreciation are eliminated from the respective accounts. Gains or losses arising from the dispositions are reported as revenue or expense. Routine maintenance and repairs are expensed as incurred.

7. *Bond Issue Costs*

Bond issue costs are amortized on a straight-line basis over the life of the bonds (see Note E).

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS December 31, 2008 and 2007

NOTE B - INVESTMENTS, RESTRICTED

The Authority accounts for its investments at fair value. The Authority recognized unrealized gains of \$92,715 and \$130,555 during 2008 and 2007, respectively. These investments are held by the Trust Departments of The Bank of New York and M & T Bank, in the Authority's name. The following table presents the cost, carrying amount, and fair value of investments at December 31, 2008 and 2007.

	2008		
	<u>Cost</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Investments in U.S. Government obligations	<u>\$3,447,642</u>	<u>\$3,698,438</u>	<u>\$3,698,438</u>
	2007		
	<u>Cost</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Investments in U.S. Government obligations	<u>\$3,447,642</u>	<u>\$3,605,722</u>	<u>\$3,605,722</u>

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Authority to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. The Authority determined that there were no other-than-temporary impairments as of December 31, 2008 and 2007.

NOTE C - PROPERTY AND EQUIPMENT

A summary of year-end balances and changes in property and equipment for the years ended December 31, 2008 and 2007, is as follows:

	<u>Land, Garages, and Improvements</u>	<u>Furniture and Equipment</u>	<u>Meters and Other Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
Balance as of January 1, 2007	\$ 25,248,993	\$ 709,963	\$ 810,282	\$ -	\$ 26,769,238
Additions	-	306,697	1,305	349,801	657,803
Disposals	-	(101,767)	(32,109)	-	(133,876)
Balance as of December 31, 2007	25,248,993	914,893	779,478	349,801	27,293,165
Additions	-	86,027	27,030	21,810	134,867
Disposals	-	(3,565)	-	-	(3,565)
Balance December 31, 2008	<u>\$ 25,248,993</u>	<u>\$ 997,355</u>	<u>\$ 806,508</u>	<u>\$ 371,611</u>	<u>\$ 27,424,467</u>

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE D - INTANGIBLE ASSETS

A summary of intangible assets and accumulated amortization as of December 31, is as follows:

	<u>2008</u>		Net Book <u>Value</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	
Financing costs (a)	\$ 1,069,282	\$ 310,913	\$ 758,369
Deferred amount on defeased Revenue Bonds	<u>1,214,819</u>	<u>503,324</u>	<u>711,495</u>
	<u>\$ 2,284,101</u>	<u>\$ 814,237</u>	<u>\$ 1,469,864</u>
	<u>2007</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	Net Book <u>Value</u>
Financing costs (a)	\$ 1,069,282	\$ 265,354	\$ 803,928
Deferred amount on defeased Revenue Bonds	<u>1,214,819</u>	<u>436,527</u>	<u>778,292</u>
	<u>\$ 2,284,101</u>	<u>\$ 701,881</u>	<u>\$ 1,582,220</u>

(a) Includes financing costs incurred relative to the 1992, 2001, and 2007 Revenue Bonds. These costs include insurance, underwriter's discount, and other Bond related costs and are being amortized over the life of the Bonds using the straight-line method. During 2007, \$108,203 of 2001 Revenue Bond financing costs were expensed in connection with the partial defeasance of the Bonds. Amortization of financing costs including defeased amounts totaled \$45,558 and \$149,694 during the years ended December 31, 2008 and 2007, respectively

A schedule of estimated intangible assets amortization over the next five years is as follows:

For the year ending December 31, 2009	\$112,351
2010	112,351
2011	112,351
2012	105,753
2013	80,679

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS December 31, 2008 and 2007

NOTE E - LONG-TERM DEBT

A summary of long-term debt ending balances and transactions for the years ended December 31, 2008 and 2007, is as follows:

Balance as of January 1, 2007	\$ 25,898,061
New bond issue	10,925,000
Principal payments	<u>(11,085,000)</u>
Balance as of December 31, 2007	25,738,061
New bond issue	-
Principal payments	<u>(1,165,000)</u>
 Balance at December 31, 2008	 <u><u>\$ 24,573,061</u></u>

Long-term debt at December 31 consisted of the following:

	<u>2008</u>	<u>2007</u>
<i>Garage #1</i>		
Parking revenue refunding bonds, Series 1992A (including capital appreciation bonds), interest at 6.5% to 7.25%, payable semiannually, principal due in various installments annually through 2017, collateralized by a first lien on the property (a)(b)	\$ 773,061	\$ 773,061
<i>Quackenbush Garage</i>		
Parking revenue refunding bonds, Series 2001A, interest at 4% to 5.63%, payable semi-annually, principal due in various installments through 2025, collateralized by a first lien on the property (c)	9,860,000	10,370,000
Parking revenue refunding bonds, Series 2001B, interest at 5.25%, payable semi-annually, principal due in various installments through 2018, collateralized by a first lien on the property	3,260,000	3,830,000
Parking revenue refunding bonds, Series 2007A, interest at 3.5% to 5%, payable semi-annually, principal due in various installments through 2025, collateralized by a first lien on the property	10,570,000	10,635,000
Parking revenue refunding bonds, Series 2007B, interest at 5.38%, payable semi-annually, principal due in various installments through 2013, collateralized by a first lien on the property	<u>110,000</u>	<u>130,000</u>
	24,573,061	25,738,061
Less current maturities	<u>1,300,000</u>	<u>1,165,000</u>
Long-term debt, less current maturities	<u><u>\$ 23,273,061</u></u>	<u><u>\$ 24,573,061</u></u>

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE E - LONG-TERM DEBT - Continued

- (a) The City entered into a lease agreement with the Authority whereby the City has agreed to lease Garage #1 from the Authority. The lease payments made under the agreement shall be in an amount equal to the amount payable as principal, interest, and premium, if any, on the Authority's Parking Revenue Refunding Bonds, Series 1992A. The City's payment is subject to reduction to the extent any money has been deposited with the Bond trustee by the Authority as of the date of the lease payment. The lease payments are due semi-annually through 2017. There were no payments under the lease agreement for the years ended December 31, 2008 and 2007.
- (b) The Authority defeased a portion of the 1992A Revenue Bonds by placing the proceeds of the 2001B Revenue Bonds in an irrevocable trust to provide for all future debt service payments on a portion of the 1992A Bonds. Accordingly, the trust account assets and the liabilities for the defeased Bonds are not included in the Authority's financial statements. \$6,845,000 in 1992 Bonds outstanding are considered defeased.
- (c) The Authority defeased a portion of the 2001A Revenue Bonds by placing the proceeds of the 2007A Revenue Bonds in an irrevocable trust to provide for all future debt service payments on a portion of the 2001A Bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the Authority's financial statements. \$9,885,000 in 2001A Bonds outstanding are considered defeased.

Interest expense incurred on long-term debt totaled \$1,228,182 and \$1,559,759 for the years ended December 31, 2008 and 2007, respectively.

Compounded interest on capital appreciation bonds (Series 1991 and 1992A) is accrued on a straight-line basis over 25 years, the life of the bonds. This interest will be paid by the Authority during the years 2013 through 2017. Accrued interest on capital appreciation bonds totaled \$2,049,433 and \$1,922,664 at December 31, 2008 and 2007, respectively.

Future aggregate principal payments under long-term debt obligations are as follows:

For the year ending December 31, 2009	\$ 1,300,000
2010	1,360,000
2011	1,390,000
2012	2,015,000
2013	862,618
2014-2018	6,190,443
2019-2023	7,160,000
2024-2025	<u>4,295,000</u>
	<u>\$24,573,061</u>

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS December 31, 2008 and 2007

NOTE E - LONG-TERM DEBT - Continued

The 2001A and B Bonds were issued at a discount of \$143,592 and \$12,047, respectively. The 2007A and B Bonds were issued at a premium of \$24,461. The bond discount and premium have been combined in these financial statements. The difference between the net carrying amount of defeased bonds and the reacquisition price of the Bonds is deferred and amortized over the life of the new Bond. The deferred amount of the refunding of the 1991, 1992, and 2001 Bonds was \$437,623, \$354,813, and \$422,383, respectively. The discount and deferred amounts are being amortized over the life of the Bonds using the straight-line method. Amortization was \$66,797 and \$164,551 for the years ended December 31, 2008 and 2007, respectively.

The bonds and other obligations of the Authority are not considered to be a debt of the State of New York (State) or of the City, and neither the State nor the City is liable thereon.

NOTE F - PENSION PLANS

1. Plan Description

The Authority participates in the New York State and Local Employees' Retirement System (ERS). The ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administration head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of its funds. The ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement Systems, 110 State Street, Albany, NY 12244.

2. Funding Policy

ERS is noncontributory except for employees who joined the ERS after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Authority is required to contribute at an actuarially determined rate. The required contributions to ERS for the current year and the two preceding years were:

2008	\$ 75,704
2007	80,493
2006	86,244

The Authority's contributions to ERS were equal to 100% of the contributions required for each year.

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS December 31, 2008 and 2007

NOTE G - COMMITMENTS AND CONTINGENCIES

1. *Salary Reimbursement Agreement*

The Authority has entered into an agreement with the City for the acquisition, installation, maintenance, and management of on-street parking meters. As part of the agreement, the Authority will reimburse the City for salary, fringe benefits, and other costs related to parking enforcement officers and traffic aides employed by the City. Reimbursement is not to exceed the City's actual annual costs based on current staffing levels. Reimbursed costs totaled \$725,000 and \$697,000 for the years ended December 31, 2008 and 2007, respectively, and are reported as PSO expense reimbursement in these financial statements.

The Authority's obligations under the agreement are subject and subordinate to the Authority's obligations to pay scheduled debt service on its bond obligations (Note E), as defined in the agreement.

2. *Lease Rental Revenue*

The Authority entered into an agreement with the United States Postal Service (Postal Service) to lease a portion of Garage #2 to the Postal Service. The lease, which includes options for two consecutive five-year renewals at the discretion of the Postal Service, originally expired during June 2004. The Postal Service has exercised the second five-year option, which will expire in June 2014.

Rental payments in the amount of \$72,000 were received during the years ended December 31, 2008 and 2007. Future minimum annual rentals receivable under the lease at December 31, 2008, are as follows:

For the year ending December 31, 2009	\$ 78,000
2010	83,000
2011	83,000
2012	83,000
2013	83,000
2014	<u>41,500</u>
	<u>\$451,500</u>

3. *Memorandum of Understanding*

During June 2007, the Authority entered into a memorandum of understanding (memorandum) with WAMC, a not-for-profit education corporation, located in Albany, New York, for the shared use of a parking facility. The purpose of the memorandum was for the Authority to construct, maintain, and operate two surface parking lots on premises owned by WAMC. The Authority maintains all rights to revenues produced by the parking lots. The parking lots were placed into service on April 1, 2008. Construction costs related to the parking lots totaled \$371,611 at December 31, 2008, and are included in leasehold improvements (Note C).

As part of the memorandum, the Authority has agreed to lease fifty parking spaces within these lots to Capital District Transit Authority (CDTA). Terms of the lease include a ten-year rental for a total of \$150,000, which was prepaid by CDTA during December 2007. As of December 31, 2008, the balance was \$142,030, which is reported as deferred revenue in these financial statements. The deferred revenue balance is being amortized into income over a ten-year period, using the straight-line method.

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS December 31, 2008 and 2007

NOTE G - COMMITMENTS AND CONTINGENCIES - Continued

In addition, WAMC is entitled to twenty annual parking passes for its employees and patrons. In consideration of these annual parking passes, WAMC will provide the Authority with in-kind advertising in the sum of \$25,000 per annum.

Terms of the agreement terminate during 2017; however, WAMC has the right to terminate the agreement at any time. Should WAMC terminate the agreement before the termination date, WAMC has agreed to make remuneration to both the Authority and CDTA for the unexpired term of the agreement on a pro-rata basis as further defined by the agreement.

The agreement may be renewed for up to three additional five-year terms, under the same terms as the original agreement.

NOTE H - NET ASSETS

The Authority has net assets of (\$707,123) and (\$1,179,970) at December 31, 2008 and 2007, respectively. In recent years, the Authority has implemented a long-term financial plan to reduce this deficit and establish positive net assets. In addition, this plan was designed to increase cash flows from operations. This plan includes increasing parking revenues via rate increases, the addition of a new garage, and the operating of on-street parking meters (established during April 1998). In addition, the Authority refinanced certain revenue bonds in 2007, thereby reducing interest costs. The accumulated deficit has been reduced \$3,747,677 since December 31, 1998.

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective January 1, 2008, the Authority adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurement*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and enhances disclosures about fair value measurement. Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

The Authority determines the fair value of financial instruments based on the fair value hierarchy described in SFAS No. 157 which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. SFAS No. 157 describes the following three levels of inputs that may be used to measure fair value:

- Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.
- Level 3 Unobservable inputs that are supported by little or no market activity.

ALBANY PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The carrying amounts of cash equivalents, parking revenue receivable, other receivables, accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments. The fair value of the investments is based on quoted market prices. The carrying amount of the bonds payable approximates fair value due to the debt instruments carrying interest rates currently available to the Authority for debt with similar terms and remaining maturities.

Assets measured at fair value on a recurring basis as of December 31, 2008, are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments	<u>\$ 3,698,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,698,438</u>

ALBANY PARKING AUTHORITY

**REVENUE AND EXPENSES BY OPERATING DEPARTMENT
Year Ended December 31, 2008**

	<u>Garage #1</u>	<u>Garage #2</u>	<u>Garage #3</u>	<u>Parking Meters</u>	<u>Surface Lots</u>	<u>Office/ Administration</u>	<u>Total</u>
PARKING REVENUES	\$ 1,256,058	\$ 1,506,710	\$ 949,607	\$ 2,095,811	\$ 120,647	\$ -	\$ 5,928,833
OPERATING EXPENSES							
Salaries and related expenses	248,456	236,555	143,136	166,089	-	564,852	1,359,088
Insurance	-	-	-	-	-	65,815	65,815
Repairs and maintenance	398,078	532,295	34,626	14,144	248	43,181	1,022,572
Utilities	43,548	35,035	75,388	-	1,609	-	155,580
Professional fees	22,744	9,743	-	-	-	73,929	106,416
Depreciation	152,715	213,755	235,110	46,999	40,006	16,583	705,168
Meter supplies and equipment	-	-	-	26,991	3,731	-	30,722
Contributions	-	-	-	-	-	8,600	8,600
PSO expense reimbursement	-	-	-	572,750	152,250	-	725,000
Miscellaneous	1,758	3,154	1,327	3,268	37,416	108,979	155,902
Total operating expenses	<u>867,299</u>	<u>1,030,537</u>	<u>489,587</u>	<u>830,241</u>	<u>235,260</u>	<u>881,939</u>	<u>4,334,863</u>
Operating income (loss)	<u>388,759</u>	<u>476,173</u>	<u>460,020</u>	<u>1,265,570</u>	<u>(114,613)</u>	<u>(881,939)</u>	<u>1,593,970</u>
NONOPERATING REVENUE (EXPENSES)							
Interest income	58,507	-	-	-	-	179,455	237,962
Unrealized gain on investments	39,572	-	-	-	-	53,143	92,715
Amortization of bond issue costs	(32,884)	(12,498)	-	-	-	(66,974)	(112,356)
Interest expense	(126,769)	-	-	-	-	(1,212,675)	(1,339,444)
Allocation of administration expenses	(327,928)	(347,218)	(327,928)	(756,277)	(169,639)	1,928,990	-
Total nonoperating revenue (expenses)	<u>(389,502)</u>	<u>(359,716)</u>	<u>(327,928)</u>	<u>(756,277)</u>	<u>(169,639)</u>	<u>881,939</u>	<u>(1,121,123)</u>
Change in net assets	<u>\$ (743)</u>	<u>\$ 116,457</u>	<u>\$ 132,092</u>	<u>\$ 509,293</u>	<u>\$ (284,252)</u>	<u>\$ -</u>	<u>\$ 472,847</u>

Year Ended December 31, 2007

	<u>Garage #1</u>	<u>Garage #2</u>	<u>Garage #3</u>	<u>Parking Meters</u>	<u>Surface Lots</u>	<u>Office/ Administration</u>	<u>Total</u>
PARKING REVENUES	\$ 1,265,871	\$ 1,628,833	\$ 983,211	\$ 2,112,130	\$ 47,180	\$ 320	\$ 6,037,545
OPERATING EXPENSES							
Salaries and related expenses	230,441	215,337	142,978	175,544	-	487,936	1,252,236
Insurance	-	-	-	-	-	57,372	57,372
Repairs and maintenance	319,003	283,433	28,212	7,726	5,790	49,615	693,779
Utilities	57,651	37,751	76,444	-	-	-	171,846
Professional fees	3,710	-	-	-	-	105,445	109,155
Depreciation	140,097	191,149	247,637	71,762	13,462	17,680	681,787
Meter supplies and equipment	-	-	-	69,648	-	-	69,648
Contributions	-	-	-	-	-	9,200	9,200
PSO expense reimbursement	-	-	-	697,000	-	-	697,000
Miscellaneous	<u>3,531</u>	<u>5,331</u>	<u>2,902</u>	<u>3,357</u>	<u>49,200</u>	<u>131,832</u>	<u>196,153</u>
Total operating expenses	<u>754,433</u>	<u>733,001</u>	<u>498,173</u>	<u>1,025,037</u>	<u>68,452</u>	<u>859,080</u>	<u>3,938,176</u>
Operating income (loss)	<u>511,438</u>	<u>895,832</u>	<u>485,038</u>	<u>1,087,093</u>	<u>(21,272)</u>	<u>(858,760)</u>	<u>2,099,369</u>
NONOPERATING REVENUE (EXPENSES)							
Interest income	68,825	-	-	-	-	266,734	335,559
Unrealized gain on investments	18,900	-	-	-	-	111,655	130,555
Amortization of bond issue costs	(32,905)	(117,794)	-	-	-	(163,546)	(314,245)
Interest expense	(126,769)	-	-	-	-	(1,499,058)	(1,625,827)
Allocation of administration expenses	<u>(377,290)</u>	<u>(398,719)</u>	<u>(377,290)</u>	<u>(857,190)</u>	<u>(132,486)</u>	<u>2,142,975</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>(449,239)</u>	<u>(516,513)</u>	<u>(377,290)</u>	<u>(857,190)</u>	<u>(132,486)</u>	<u>858,760</u>	<u>(1,473,958)</u>
Change in net assets	<u>\$ 62,199</u>	<u>\$ 379,319</u>	<u>\$ 107,748</u>	<u>\$ 229,903</u>	<u>\$ (153,758)</u>	<u>\$ -</u>	<u>\$ 625,411</u>

See Independent Auditor's Report.

ALBANY PARKING AUTHORITY

PROPERTY AND EQUIPMENT

December 31, 2008

	<u>Garage #1</u>	<u>Garage #2</u>	<u>Garage #3</u>	<u>Parking Meters/ Other Equipment</u>	<u>Surface Lots</u>	<u>Office/ Administration</u>	<u>Total</u>
Land, garages, and improvements	\$ 4,970,356	\$ 9,640,687	\$ 10,637,950	\$ -	\$ -	\$ -	\$ 25,248,993
Leasehold improvements	-	-	-	-	371,611	-	371,611
Furniture and equipment	372,827	311,864	119,641	-	-	129,599	933,931
Parking meters and other equipment	-	-	-	869,932	-	-	869,932
	<u>5,343,183</u>	<u>9,952,551</u>	<u>10,757,591</u>	<u>869,932</u>	<u>371,611</u>	<u>129,599</u>	<u>27,424,467</u>
Less accumulated depreciation and amortization	<u>3,082,009</u>	<u>3,834,242</u>	<u>1,644,203</u>	<u>796,381</u>	<u>28,621</u>	<u>40,276</u>	<u>9,425,732</u>
Net property and equipment	<u>\$ 2,261,174</u>	<u>\$ 6,118,309</u>	<u>\$ 9,113,388</u>	<u>\$ 73,551</u>	<u>\$ 342,990</u>	<u>\$ 89,323</u>	<u>\$ 17,998,735</u>

December 31, 2007

	<u>Garage #1</u>	<u>Garage #2</u>	<u>Garage #3</u>	<u>Parking Meters/ Other Equipment</u>	<u>Surface Lots</u>	<u>Office/ Administration</u>	<u>Total</u>
Land, garages, and improvements	\$ 4,970,356	\$ 9,640,687	\$ 10,637,950	\$ -	\$ -	\$ -	\$ 25,248,993
Leasehold improvements	-	-	-	-	349,801	-	349,801
Furniture and equipment	368,926	289,754	119,641	-	-	88,449	866,770
Parking meters and other equipment	-	-	-	827,601	-	-	827,601
	<u>5,339,282</u>	<u>9,930,441</u>	<u>10,757,591</u>	<u>827,601</u>	<u>349,801</u>	<u>88,449</u>	<u>27,293,165</u>
Less accumulated depreciation and amortization	<u>2,929,295</u>	<u>3,620,488</u>	<u>1,409,092</u>	<u>737,997</u>	<u>-</u>	<u>27,257</u>	<u>8,724,129</u>
Net property and equipment	<u>\$ 2,409,987</u>	<u>\$ 6,309,953</u>	<u>\$ 9,348,499</u>	<u>\$ 89,604</u>	<u>\$ 349,801</u>	<u>\$ 61,192</u>	<u>\$ 18,569,036</u>

See Independent Auditor's Report.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Albany Parking Authority
Albany, New York

We have audited the financial statements of the Albany Parking Authority (Authority) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 31, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including Investment Guidelines for Public Authorities, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by Authority employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than those specified parties.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 31, 2009